

HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

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THE BUSH ECONOMY: JOBS DEFICIT, JOBS DEBT

Dear Democratic Colleague:

When the federal government cannot pay its bills in any particular year, the shortfall is the budget deficit. The cumulative sum of all of the deficits of past years equals the debt, which is the total amount that the federal government owes to all of its creditors.

In exactly that sense, the Bush Administration has run job deficits in every single month that it has been in office. And again in the same way, it has accumulated an enormous jobs debt — a built-up shortfall of jobs that must be corrected just to get America's workers back where they were at the beginning of this Administration.

The Jobs Deficit

Labor-market experts say that every month about 150,000 Americans want to enter the labor force. These are people who complete school or who otherwise choose to return to the workplace after spending time in other pursuits. (The 150,000 figure is actually a net number — the excess of the number of people who want to go to work over those who leave work for retirement or other reasons.)

Thus, if the number of new jobs is less than 150,000 in any given month, the economy is actually falling behind. It is not providing jobs even for all of the people who want to enter the work force, and so it cannot provide work for any who were already searching for work but could not find it. If there are any people who are already unemployed and looking for work, and if the economy is to reduce that number of unemployed, it must first provide the 150,000 new jobs to take care of all of the new entrants to the labor force, and then find more jobs besides to work down the number of unemployed.

So in the most meaningful sense, the job market is just holding its own if it creates 150,000 new jobs each month. To the extent that it creates fewer than 150,000 new jobs, it is falling behind — that is, it is running a jobs deficit.

So far in the Bush Administration, the economy has run jobs deficits in every single month — which is to say that the job market has in no month kept up with the flow of potential new workers into the labor force.

The first attached chart shows the history of monthly jobs deficits in the Bush Administration. It shows that even in the few months when there were net new jobs, the number fell short of the 150,000 needed to accommodate potential new workers.

The Jobs Debt

So every month when the job market falls short of 150,000 new jobs, it is falling further behind where it started. To catch up to where it was in the beginning — to put to work every new entrant to the work force, and to put back to work everyone who has lost a job — the economy must add jobs equal to the sum of all its past jobs deficits. Therefore, the sum of all of the past jobs deficits is like a jobs debt — an accumulation of job losses that must be repaid.

The second chart shows that President Bush's economy has created a jobs debt, and made it worse every single month. To erase that jobs debt as of January 2004, the economy will need to create more than seven million new jobs. Small improvements in the job market for a few months should not create an illusion of true progress; America's workers already have fallen far, far behind.

Conclusion

The job market is in deficit under President Bush, and the last three years have seen the accumulation of a massive jobs debt. It will take years for American workers to get back to where they were three years ago.

Contrary to what some would say, the President's massive tax cuts have produced no visible results. In not one month in the past three years, including more than two years after the Bush recession nominally ended, has the economy created enough jobs to take care of even the new entrants to the labor force — much less the millions of Americans who have lost their jobs under this Administration. The tax cuts have had plenty of time to work their alleged magic, and they have failed to deliver.

And the endless jobs deficits and massive jobs debt should make clear that America's workers need a continuation of extended unemployment benefits. The job market has by no means improved, given that there are still jobs deficits in every single month. There is no excuse to leave the millions of job losers to struggle without help from this Administration.

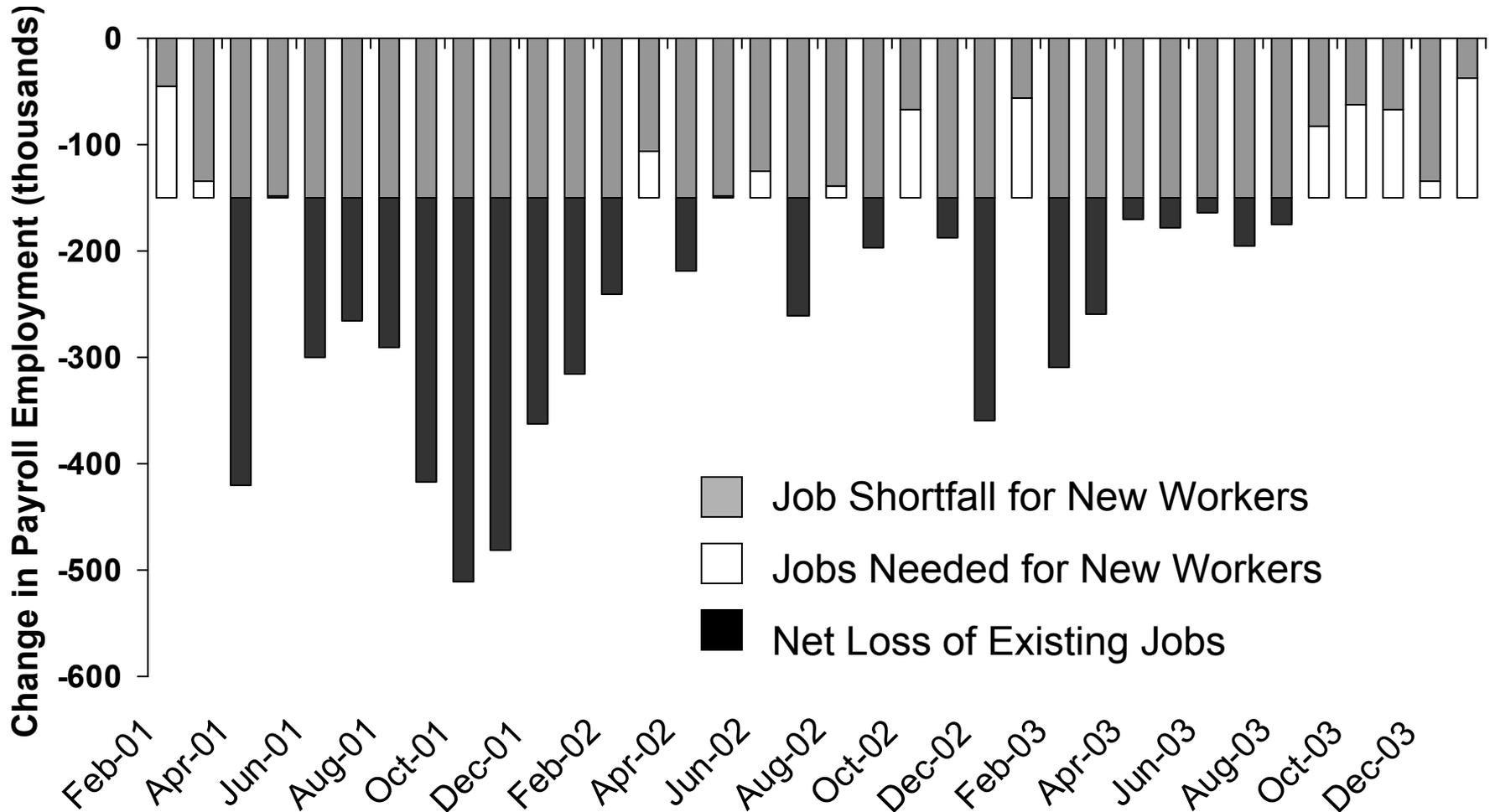
Sincerely,

/s

John M. Spratt, Jr.

Ranking Democratic Member

The Jobs Deficit: Bush Policies Fell Short Every Month



- Job Shortfall for New Workers
- Jobs Needed for New Workers
- Net Loss of Existing Jobs

The Jobs Debt: Workers In a Deep Hole With Bush Policy

